

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Beaverton Township	County Gladwin
Fiscal Year End March 31, 2006	Opinion Date June 8, 2006	Date Audit Report Submitted to State September 28, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Burnside & Lang, P.C.		Telephone Number (989) 835-7721	
Street Address 5915 Eastman Avenue, Suite 100		City Midland	State MI
		Zip 48640	
Authorizing CPA Signature 	Printed Name Mark R. Freed		License Number 1101012221

**TOWNSHIP OF BEAVERTON**  
**GLADWIN COUNTY, MICHIGAN**

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**FINANCIAL STATEMENTS**  
For The Year Ended March 31, 2006

TOWNSHIP OF BEAVERTON  
BOARD OF TRUSTEES

Jeff Roehrs	Supervisor
Madalyn Hubble	Clerk
Luann Domako	Treasurer
Jon Sherwood	Trustee
Terry Grove	Trustee

TOWNSHIP POPULATION–2000  
1,815

STATE EQUALIZED VALUE–2005  
\$49,060,000

STATE TAXABLE VALUE–2005  
\$37,503,377

**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2006**

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Independent Auditors' Report

Members of The Township  
Board of Trustees  
Township of Beaverton  
Gladwin County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Beaverton, Gladwin County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Beaverton, Gladwin County, Michigan, as of March 31, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on page 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Midland, Michigan  
June 8, 2006

**Exhibit 1**

**TOWNSHIP OF BEAVERTON**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**March 31, 2006**

**ASSETS**

Cash and cash equivalents	\$ 574,551
Taxes receivable, net	21,761
Due from other township funds	3,608
Prepaid items	21,309
Capital assets:	
Land	12,257
Buildings and improvements, net	42,734
Township equipment, net	399
<b>Total assets</b>	<b><u>676,619</u></b>

**LIABILITIES**

Deferred revenue	51,675
<b>Total liabilities</b>	<b><u>51,675</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	55,390
Unrestricted	569,554
<b>Total net assets</b>	<b><u>\$ 624,944</u></b>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BEAVERTON**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2006**

Activities:	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government:					
Township board	\$ 17,320	\$ -	\$ -	\$ -	\$ (17,320)
Supervisor	7,181	-	-	-	(7,181)
Treasurer	13,714	-	-	-	(13,714)
Assessing	16,076	-	-	-	(16,076)
Clerk	9,813	-	-	-	(9,813)
Elections	1,005	-	-	-	(1,005)
Board of review	730	-	-	-	(730)
Buildings and grounds	8,227	-	-	-	(8,227)
Ordinance enforcement	1,500	-	-	-	(1,500)
All other general government	109	1,376	-	-	1,267
Fire protection	44,510	-	-	-	(44,510)
Roads and drains	59,391	-	-	-	(59,391)
Street lights	546	-	-	-	(546)
Sanitation, solid waste	62,106	-	-	-	(62,106)
<b>Total governmental activities</b>	<b>\$ 242,228</b>	<b>\$ 1,376</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(240,852)</b>
General revenues:					
Property taxes, levied for general purposes					105,799
State revenue sharing					130,640
Interest earnings					13,992
Rents and royalties					1,170
Special assessments					51,192
Miscellaneous					7,860
Total general revenues					310,653
Change in net assets					69,801
Net assets-beginning					555,143
<b>Net assets-ending</b>					<b>\$ 624,944</b>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BEAVERTON**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**March 31, 2006**

	<b>General Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 502,451	\$ 72,100	\$ 574,551
Taxes receivable, net	12,684	9,077	21,761
Due from other township funds	3,608	-	3,608
Prepaid items	21,309	-	21,309
<b>Total assets</b>	<b><u>\$ 540,052</u></b>	<b><u>\$ 81,177</u></b>	<b><u>\$ 621,229</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue	\$ -	\$ 51,675	\$ 51,675
Total liabilities	<u>-</u>	<u>51,675</u>	<u>51,675</u>
Fund balances:			
Unreserved	540,052	29,502	569,554
Total fund balances	<u>540,052</u>	<u>29,502</u>	<u>569,554</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 540,052</u></b>	<b><u>\$ 81,177</u></b>	<b><u>\$ 621,229</u></b>

The accompanying notes are an integral part of these financial statements.



**TOWNSHIP OF BEAVERTON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**March 31, 2006**

Total fund balances for governmental funds (Exhibit 3)	\$	569,554
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	12,257	
Buildings and improvements, net of \$29,732 accumulated depreciation		42,734	
Township equipment, net of \$19,900 accumulated depreciation		399	
Total capital assets		55,390	55,390

Total net assets of governmental activities (Exhibit 1)	\$	624,944
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The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BEAVERTON**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**For the Year Ended March 31, 2006**

	<b>General Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>REVENUES</b>			
Property taxes	\$ 105,799	\$ -	\$ 105,799
State aid	130,640	-	130,640
Charges for services	1,376	-	1,376
Interest and dividends	12,993	999	13,992
Rents and royalties	1,170	-	1,170
Special assessments	-	51,192	51,192
Miscellaneous	7,860	-	7,860
<b>Total revenues</b>	<b>259,838</b>	<b>52,191</b>	<b>312,029</b>
<b>EXPENDITURES</b>			
General government	75,014	-	75,014
Public safety	44,510	-	44,510
Public works	59,937	62,106	122,043
Capital outlay	7,854	-	7,854
<b>Total expenditures</b>	<b>187,315</b>	<b>62,106</b>	<b>249,421</b>
<b>Net change in fund balances</b>	<b>72,523</b>	<b>(9,915)</b>	<b>62,608</b>
Fund balances-beginning	467,529	39,417	506,946
<b>Fund balances-ending</b>	<b>\$ 540,052</b>	<b>\$ 29,502</b>	<b>\$ 569,554</b>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BEAVERTON  
RECONCILIATION OF THE STATEMENT OF REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended March 31, 2006**

Net change in fund balances - total governmental funds (Exhibit 4)	\$ 62,608
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$7,854) exceeded depreciation (\$661) in the current period.

7,193

Change in net assets of governmental activities (Exhibit 2)	\$ 69,801
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69,801

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BEAVERTON**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**CURRENT TAX FUND**  
**March 31, 2006**

**ASSETS**

Cash and cash equivalents	\$ 3,608
Total assets	<u>3,608</u>

**LIABILITIES**

Due to other funds	<u>3,608</u>
Total liabilities	<u>3,608</u>

**NET ASSETS**

<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

**A. Reporting Entity**

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units.

**Jointly Governed Organization**—The Township of Beaverton, Tobacco Township and the City of Beaverton formed the Beaverton Area Fire Protection District to provide fire protection to the entire area of the three governmental entities. The District is financed each year on a proportional basis for each participating governmental unit based upon their respective state equalized valuation.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township property tax is levied each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31<sup>st</sup>. Real property taxes not collected as of March 1<sup>st</sup> are turned over to Gladwin County, which advances the Township 100% for the delinquent taxes.

The 2005 taxable valuation of the Township totaled \$35.8 million, on which ad valorem taxes were levied. This amount is recognized in the General Fund as current tax revenue totaling \$105,799.

The Township reports the following major fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

In addition, the Township reports additional funds as follows:

The Garbage Collection Fund accounts for providing garbage and rubbish collection financed by an annual special assessment.

The Current Tax Fund is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**D. Assets, Liabilities, and Net Assets**

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

Capital Assets—Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	25 to 40 years
Building improvements	20 to 40 years
Furniture and equipment	5 to 10 years

**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets (Continued)**

Long-Term Obligations—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department or activity, and line items. The legal level of budgetary control adopted by the governing body is the department or activity level.

Excess of Expenditures Over Appropriations in Budgeted Funds—During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budgeted Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund—Assessing	\$ 14,400	\$ 16,076
General Fund-Clerk	9,500	9,813
General Fund-Board of review	600	730



**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006**

**NOTE 3. DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers acceptances of United States banks' commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Cash and cash equivalents	\$ 574,551	\$ 3,608	\$ 578,159

Investment and Deposit Risk

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$578,159 of bank deposits (checking and savings accounts), of which \$406,059 were potentially uninsured and uncollateralized.

**Custodial Credit Risk – Investments.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, that the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Township had no investments.

**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The Authority's current investments have no potential interest rate risk.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity of the Township for the current year was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated				
Land	\$ 12,257	\$ -	\$ -	\$ 12,257
Capital Assets Being Depreciated				
Buildings and improvements	65,271	7,195	-	72,466
Furniture and equipment	19,640	659	-	20,299
Subtotal	84,911	7,854	-	92,765
Less Accumulated Depreciation for				
Buildings and improvements	26,715	3,017	-	29,732
Furniture and equipment	18,924	976	-	19,900
Subtotal	45,639	3,993	-	49,632
Net Capital Assets Being Depreciated	39,272	3,861	-	43,133
Governmental Activities Capital Assets-Net of Depreciation	\$ 51,529	\$ 3,861	\$ -	\$ 55,390

Depreciation expense was charged to programs of the Township as follows:

Buildings and grounds	\$ 661
	<u>\$ 661</u>

**TOWNSHIP OF BEAVERTON  
GLADWIN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006**

**NOTE 5. INTERFUND RECEIVABLES AND PAYABLES**

The amount of inter-fund receivables and payables are as follows:

Fund	Inter-fund Receivable	Fund	Inter-fund Payable
General	<u>\$ 3,608</u>	Tax Collection	<u>\$ 3,608</u>

**NOTE 6. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**TOWNSHIP OF BEAVERTON**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended March 31, 2006**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes and related fees	\$ 103,561	\$ 103,561	\$ 105,799	\$ 2,238
State aid	130,000	130,000	130,640	640
Charges for services	1,475	1,475	1,376	(99)
Interest and dividends	900	900	12,993	12,093
Rents and royalties	900	900	1,170	270
Miscellaneous	7,479	7,479	7,860	381
<b>Total revenues</b>	<b>244,315</b>	<b>244,315</b>	<b>259,838</b>	<b>15,523</b>
<b>EXPENDITURES</b>				
General Government:				
Township board	20,000	20,000	17,320	2,680
Supervisor	7,500	7,500	7,181	319
Treasurer	14,500	14,500	13,714	786
Assessing	14,400	14,400	16,076	(1,676)
Clerk	9,500	9,500	9,813	(313)
Elections	1,005	1,005	1,005	-
Board of review	600	600	730	(130)
Buildings and grounds	7,700	7,700	7,566	134
Ordinance enforcement	1,500	1,500	1,500	-
All other general government	750	750	109	641
Public Safety:				
Fire protection	44,590	44,590	44,510	80
Public Works:				
Roads and drains	124,423	124,423	59,391	65,032
Street lights	700	700	546	154
Capital Outlay:				
General government	8,500	8,500	7,854	646
<b>Total expenditures</b>	<b>255,668</b>	<b>255,668</b>	<b>187,315</b>	<b>68,353</b>
<b>Net change in fund balances</b>	<b>(11,353)</b>	<b>(11,353)</b>	<b>72,523</b>	<b>83,876</b>
Fund balances-beginning	467,529	467,529	467,529	-
<b>Fund balances-ending</b>	<b>\$ 456,176</b>	<b>\$ 456,176</b>	<b>\$ 540,052</b>	<b>\$ 83,876</b>

June 8, 2005

Members of the Board  
Of Trustees  
Township of Beaverton  
Gladwin County, MI

Dear Board Members:

In planning and performing our audit of the financial statements of the Township of Beaverton, Gladwin County, Michigan (the "Township"), for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that we believe to be material weaknesses.

### **REPORTABLE CONDITIONS**

#### **Overspending Budgeted Appropriations**

P.A. 2 of 1968, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. We noted during our audit that the Township incurred expenditures in excess of the amount appropriated in the General Fund.

We recommend the modified accrual basis of accounting be considered when adopting and amending the budget of the Township's governmental type funds. The budget should be amended during the year to reflect expenditures expected to be made in excess of the original budget amounts. These amendments must be approved by the Board of Trustees and documented in the Board's meeting minutes. This will help prevent the Township from incurring expenditures in excess of appropriations.

Township of Beaverton  
June 8, 2006  
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Conclusion

These conditions were considered in determining the nature, timing, and extent of the audit tests applied on our audit of the March 31, 2006, financial statements, and this report does not affect our report on those financial statements dated June 8, 2006. We have not considered internal control since the date of our report.

This report is intended for the information of the members of the Board of Trustees, management and the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in cursive script that reads "Burnside & Lang, P.C.".

**BURNSIDE & LANG, P.C.**